

DEPARTMENT OF STATE REVENUE

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NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

Nonresident Receipts Attributable to Indiana – Financial Institutions Tax

Authority: IC 6-5.5-2-3; IC 6-5.5-4-1 to 13; 45 IAC 17-3-4; 45 IAC 17-3-10

IC 6-5.5-2-3. Apportioned income of nonresident taxpayer.

For a nonresident taxpayer...apportioned income consists of...adjusted gross income for that year multiplied by the quotient of:

- (1) the taxpayer's total receipts attributable to transacting business in Indiana, as determined under IC 6-5.5-4; divided by
- (2) the taxpayer's total receipts from transacting business in all taxing jurisdictions, as determined under IC 6-5.5-4.
[1989]

IC 6-5.5-2-3. Taxpayer apportioned income.

For a taxpayer...apportioned income consists of...adjusted gross income...
[2000]

IC 6-5.5-4-2. Definitions.

- (1) "Receipts" means gross income (as defined in IC 6-5.5-1-10, plus the gross income excluded under Section 103 of the Internal Revenue Code.
[1989]

I. GENERAL STATEMENT

A. TAXABLE YEARS ENDING PRIOR TO JANUARY 1, 1999

1. Resident – The adjusted gross income of a resident financial institution is subject to Financial Institutions Tax.

2. Nonresident—The apportioned adjusted gross income of a nonresident financial institution is subject to Financial Institutions Tax.

B. TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1998

The adjusted gross income of a financial institution is subject to Financial Institutions Tax. (There is no distinction between resident and nonresident taxpayers.)

II. NONRESIDENT FINANCIAL INSTITUTION PRIOR TO JANUARY 1, 1999

A. RECEIPTS SPECIFICALLY ATTRIBUTABLE TO INDIANA. IC 6-5.5-4.

Receipts are specifically attributed to Indiana under the conditions established in each of the following sections of IC 6-5.5-4:

IC 6-5.5-4-3. Lease or rental income.	IC 6-5.5-4-9. Sale of an asset.
IC 6-5.5-4-4. Secured loan interest.	IC 6-5.5-4-10. Fiduciary fee.
IC 6-5.5-4-5. Unsecured consumer loan interest	IC 6-5.5-4-11. Traveler's check, money order, and savings bond fees.
IC 6-5.5-4-6. Unsecured commercial loan and installment loan interest.	IC 6-5.5-4-12. Investment income from state and local government securities.
IC 6-5.5-4-7. Fee income.	IC 6-5.5-4-13. Participation loan interest.
IC 6-5.5-4-8. Credit card interest, merchant discount, service charge...	

Receipts of a nonresident financial institution "attributable to Indiana" are not limited to those listed. Other receipts from business activity or tangible and intangible assets located in Indiana may be attributed to Indiana.

B. OTHER RECEIPTS OF A NONRESIDENT TAXPAYER ATTRIBUTABLE TO INDIANA.

"Receipts attributable to Indiana" may include the receipt of dividends and interest from stocks, bonds, and other securities issued by an Indiana resident taxpayer.

Income from intangible property which is located in Indiana and is controlled from an Indiana business situs may be attributable to Indiana.

C. RECEIPTS NOT ATTRIBUTABLE TO INDIANA.

Receipts which are not "attributable to Indiana" and, therefore, not included in the numerator of the receipts factor, must be included in the denominator of the receipts factor.

III. RESIDENT AND NONRESIDENT FINANCIAL INSTITUTION AFTER DECEMBER 31, 1998

A. NUMERATOR OF THE APPORTIONMENT FACTOR

Receipts included in the numerator of the apportionment factor are limited to those specifically enumerated in IC 6-5.5-4-3 through IC 6-5.5-4-13 (See II, A). Receipts from non-municipal investments are not enumerated and not includible. The fact that a taxpayer is commercially domiciled in Indiana or manages the non-municipal investments from an Indiana location is not determinative.

B. DENOMINATOR OF APPORTIONMENT FACTOR

The denominator of the apportionment factor should include all gross income (as defined in Section 61 of the Internal Revenue Code) reported for federal income tax purposes. Although not

included in the numerator, receipts from non-municipal investments must be included in the denominator if they have been reported for federal income tax purposes. Non-municipal investment receipts received upon the disposition of the asset (such as securities and money market transactions) are limited to the gain recognized upon disposition under IC 6-5.5-4-2(1).

[FN 1] IC 6-5.5-1-13. [1989] “Resident taxpayer” defined

[FN 2] IC 6-5.5-1-12. [1989] “Nonresident taxpayer” defined

[FN 3] IC 6-5.5-1-13. “Resident taxpayer” means a taxpayer transacting business in Indiana and having its commercial domicile in Indiana.

[FN 4] Revenue Rulings 2000-01FIT and 2000-02FIT

[FN 5] Revenue Rulings 2000-01FIT and 2000-02FIT